

FINANCING FATHERHOOD PROGRAMS

Anyone can
father a child,
but being a
father to your
child is what
counts."



The Issue

Although fatherhood is beginning to emerge as an issue of state and national importance, many communities have been providing various types of services to low-income fathers and their families for the past decade. These programs usually operate outside formalized state systems and many rely on private foundation grants for funding. Others may experience quick bursts of financial support as local or state policymakers include fatherhood issues on their political agendas. These initiatives risk obscurity without solid financial backing that can produce measurable social gains. Institutionalizing fatherhood as part of the structure of state service delivery systems can help to ensure that strides made to support families and build foundations do not fade with executive and legislative branch leadership changes. Building fatherhood issues into the framework of other systems can enhance their performance and help to maximize the public investment. However, shifting the focus and building foundations requires investment. Luckily, the time is right.

States have unprecedented opportunities to invest in services for low-income fathers. Welfare caseloads have dropped sharply so states can direct resources that would have been spent on cash assistance to redesign services that assist mothers and fathers to support their children. Currently, a variety of financial resources are available to fund programs or services.

These resources include:

- The Temporary Assistance to Needy Families (TANF) block grant,
- State maintenance of effort (MOE),
- Welfare-to-Work (WtW) grants,
- Workforce Investment Act (WIA)

funds,

- Child Support Enforcement funds,
- The Social Services Block Grant (Title XX), and
- Assistance from private foundations.

Meeting the Challenge— Policy Options for States

The challenge for states is to begin thinking creatively about how to expand and develop services that include low-income fathers in ways that maximize the use of all existing resources. As financial and programmatic decisions continue to devolve from federal agencies, state policymakers are well-positioned to develop lasting policies if they can ignite the types of changes suited to the challenge put before them.

Using TANF and MOE Funds

The TANF block grant provides state legislators with the greatest opportunity for investing in services for low-income fathers, mainly because legislatures control the way money is authorized and the way programs are developed and administered within the TANF program. The federal welfare reform law in 1996 created this block grant for state programs that serve needy families. States were released from the restrictions of the Aid to Families with Dependent Children Program (AFDC) and can design their own assistance programs. Funding for the TANF block grant was based on welfare spending in fiscal year 1994, when caseloads were high. Caseloads now have dropped by more than 40 percent nationwide, so states have money for programs that otherwise would have gone to cash assistance. The U.S. Department of Health and Human Services estimates that states receive about

\$4.7 billion more per year than they would have received under the AFDC program.

States receive a block grant from the federal government to use for poor families in ways the states determine will best meet the needs of their populations. Unlike AFDC, TANF does not require states to obtain federal permission to develop new services or programs, and spending can be used to support poor families, not just families that receive cash assistance. Providing services to fathers is considered within these boundaries, even if they are not married or living with the mothers of their children.

The new welfare is funded using a combination of state and federal funds. States receive the federal TANF block grant, but must also maintain historical expenditures on welfare-related programs using state funds. The maintenance of effort requirement (MOE) mandates that states spend 80 percent of what they spent in 1994, or 75 percent if they ensure a certain percentage of welfare recipients are working.

States can use TANF and MOE funds for anything that accomplishes the four purposes of TANF:

- Provide assistance to **needy** families so children can be cared for in their homes;
- End welfare dependence by promoting employment for **needy** families;
- Reduce out-of-wedlock pregnancies; and
- Promote the formation and maintenance of two-parent families.

To meet the goal of ending welfare dependence and promoting employment, funds must be spent on needy fami-

lies—and states define the criteria to determine who is eligible. Unlike federal Welfare-to-Work grants, eligibility is much more flexible; there does not need to be a direct connection to TANF eligibility and there are no spending caps for serving particular populations. States can choose to establish different levels of eligibility for different types of services. For example, a state can use one standard of eligibility for cash assistance, but can use a different standard for services like employment assistance, transportation or child care. If states include fathers in their eligibility definitions, they can use welfare funds to provide services to them at no risk of affecting time limits or work requirements for mothers and children.

If a state provides services targeted toward purpose one and two, a state can set up a program by creating an eligibility category to include a father based on his income, then define the services that he would be eligible to receive—paying close attention to services that are used to meet ongoing basic needs so that time limits and work participation rates do not apply for fathers. For example, a state could define income eligibility for fathers at 200 percent of the federal poverty level—roughly \$16,000 per year. For the goals of reducing out-of-wedlock births and forming two-parent families, eligibility is not connected to income. Additionally, these fathers need not have children who receive welfare. Examples of non-monetary services that a state could offer include employment assistance and skill-based training, parenting education, peer and mentoring groups, anger management, conflict resolution, treatment programs, marriage counseling, development of parenting plans and family planning.

State MOE funds do not trigger time limits or work participation rates as long as they are not combined with federal funds. Like the federal block grant, MOE funds also must be spent on poor families and used to accomplish the goals

of TANF (see figure 1). If states develop MOE-funded programs that are separate or outside the TANF program, there are no federal time limits, work requirements or work participation rates to consider. States reap the benefit of being able to count separate state programs as a MOE expenditure, but without federal constraints. State legislatures have appropriation authority over both TANF and MOE, and can direct agencies to develop services or programs targeted at specific groups such as low-income fathers. States can use their budget processes to redirect resources or create participation requirements for departments to ensure spending on fathers.

Keeping a Watchful Eye

Legislators also should be aware of agency spending of appropriated funds. New regulations restrict the use of carryover funds on services other than cash assistance. If agencies fail to spend resources on directed services, states lose flexibility to spend at their discretion. Developing a trusting relationship with state agencies to ensure the accurate transfer of financial data information is critical. Maintaining an understanding of federal reporting categories can serve legislators well as they examine state spending categories used to monitor actual expenditures. States must report quarterly on the amount of federal and state

funds that they have spent and that they have a plan to spend.

During fiscal year 1999, only 17 states successfully obligated all their TANF funds, and only Illinois, Kansas, Kentucky, Maine and Rhode Island obligated and spent everything. In simpler terms, states left unspent one-quarter of their available TANF money.

Although caseloads are low, states need to consider all the possibilities for serving families. Money that is not directed to providing cash assistance can be reinvested if states take full advantage of their flexibility. The window of opportunity will not last for long. Congress is speculating that states have too much money, based on the fact that states have accumulated large balances of unspent TANF funds in federal reserves. Policymakers can help state agencies and local administrators understand this flexibility. In state offices across the nation, workers, accustomed to the restraints of AFDC, are tentative about trying new ideas. If state leaders demonstrate their understanding of flexibility and lead by example, middle management and front-line staff may be more apt to implement and carry out new approaches without fear that the state can be penalized.

In 1999, states were much more willing to embrace their flexibility by directing these resources to programs that serve fathers. **California** has redirected some of its TANF savings from welfare caseload decline to fund seven county programs targeted at fathers. The counties submitted proposals explaining how their programs would serve fathers, the estimated cost and the number of participants they hoped to serve. Solicitation for program participation would be court-ordered in some counties and voluntary in others. Employment services at the sites include expedited paternity establishment, career planning and counseling, basic education, subsidized work experience, community services and vo-

Types of Services that Can Be Funded with TANF or MOE

- Employment assistance
- Job placement
- Job training
- Substance abuse treatment
- Mentoring
- Counseling
- Marriage counseling
- Pregnancy prevention
- Abstinence education
- Mediation
- Transportation and child care
- Life skills
- Activities that promote access and visitation
- Parenting education

Points to Remember About the New Welfare

- States do not need federal permission to develop new programs or services.
- The federal government does not have authority to approve state programs—states decide.
- States define who is eligible to receive services and they can have different standards of eligibility for different forms of services.
- States can target services to low-income fathers—even if they do not live with the mother of their children—without triggering time limits or work requirements for mothers.

cational training. The sites also offer supportive services that include transportation, a job retention hot-line, and mental health and substance abuse services, as well as courses in parenting skills development, anger and conflict management, child development, relationship building and problem solving. Some counties are offering mediation services to assist with child support and custody and visitation.

In **Florida**, local WAGES (Work and Gain Economic Self-Sufficiency) coalitions are authorized to administer the TANF program. Local coalitions have funded many programs targeting fathers, including employment-focused programs that mandate fathers to find work and pay child support or go to jail. Another targets fathers of Head Start children for help with computer training, entrepreneurial skills and self-empowerment. Additionally, the state WAGES coalition directed \$10 million to the Commission on Responsible Fatherhood to oversee funding of several local fatherhood programs designed to help fathers remain engaged with their children.

Indiana is using TANF funds for administration costs associated with outreach to fathers. **Missouri** expanded its Parents' Fair Share Project statewide, using \$10 million in TANF funds over two years. **Arizona** funds its statewide fatherhood initiative with TANF funds through contracts with local organizations to provide services. Arizona also is funding a young fathers mentoring program to assist fathers with parenting skills, employment and visitation arrangements. **North Carolina** and **Ohio** are allowing counties to submit proposals to run their own fatherhood pro-

grams with TANF funds. **Iowa** is establishing several small pilot projects.

Welfare-to-Work

As part of the 1997 balanced budget agreement, Congress established Welfare-to-Work (WTW) as a new federal grant to address the needs of long-term welfare recipients. States can receive a grant based on a formula; local providers can submit proposals for competitive grants.

Formula grants require states to provide a match, and no federal money can be used to draw down the match. There is a capped amount that each state may receive. The WtW grant also explicitly allows eligibility for services to low-income fathers whose children are TANF eligible but may or may not be receiving benefits. The Welfare-to-Work grant passes 85 percent of a state's grant to local private industry councils. The remaining 15 percent is retained by the states to operate "governors' programs," although state legislatures have appropriation authority (under the Brown amendment) and can establish conditions for how this money should be spent.

WtW funds are not quite as flexible as the TANF and MOE funds. Eligibility is governed at the federal level, leaving states little flexibility to deviate. Although most states have specified they will develop services for fathers using

WtW, such stringent eligibility requirements may keep some states from fully using all the available resources. For this reason, some states have chosen not to apply for the grants. Others have focused on the WtW funds as a resource for building programs for noncustodial fathers. Local program administrators are having trouble filling WtW participation slots because not enough fathers are able to satisfy the criteria.

Congress in 1999 expanded program eligibility as part of its budget agreement to encourage participation, particularly for fathers in WtW programs. Under the new eligibility, noncustodial parents are eligible for WtW if:

- They are unemployed or underemployed and have difficulty meeting child support payments;
- Their child or the custodial parent has received welfare for 30 months or is within 12 months of a time limit;
- Their child is TANF eligible or has left TANF in the past 12 months; or
- Their child is receiving food stamps, SSI, Medicaid or CHIP.

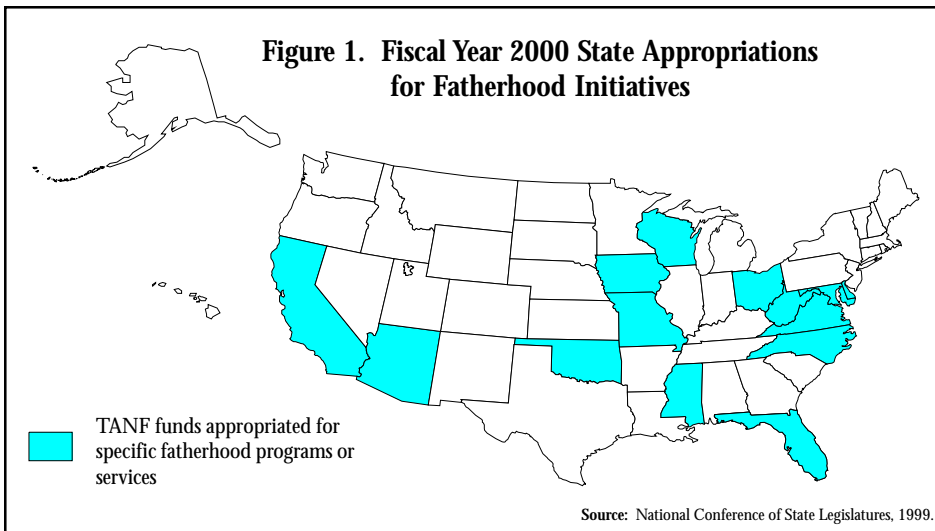
Additionally, the noncustodial parent must agree to enter into and comply with a personal responsibility contract that includes cooperation in child support efforts.

Even with the stringent eligibility requirements, some states and localities are attempting to make good use of these funds. As part of its competitive grant, **Oregon** is using \$5 million to arrange apprenticeships and vocational skills training for noncustodial fathers. Networking with union employment

Steps for Using TANF for Fathers

- Include fathers as part of the family—whether or not the father lives with the mother and child.
- Define eligibility for services, keeping in mind different services can have different eligibility requirements.
- Establish clear expectations and oversight for expenditure of TANF funds for fathers.
- Train middle management and front-line staff so they understand that fathers can be eligible to receive these services.
- Consider contracting with non-government agencies to provide services.

Figure 1. Fiscal Year 2000 State Appropriations for Fatherhood Initiatives



and employer-sponsored training also is a component. **Wisconsin's** statewide fatherhood initiative is using a formula grant to serve noncustodial fathers with an employment focus—wage subsidies, job readiness and post-employment or job retention. Wisconsin is planning to recruit fathers using many of the methods previously discussed, such as cross-checking TANF and child support cases and recruiting through Head

programs for fathers. In **Los Angeles County**, WtW funds supplement existing services provided with TANF funds once fathers become employed.

Other Financing Options

The Social Services Block Grant (SSBG, or Title XX, as it is commonly known) also could be used to fund other services related to employment or parenting. States also have the option of transferring TANF money into SSBG with the condition that transferred money is spent on children or families whose income is under 200 percent of the federal poverty level. States define eligibility for SSBG-funded services as well, so the programs can include low-income fathers. **Georgia** funds its statewide Fatherhood Program through the Office of Child Support Enforcement using an annual \$5 million appropriation from SSBG. In addition to connecting fathers with opportunities to gain training for jobs, the program offers help in writing resumes, interviewing for jobs and managing finances. Other life skills, parenting education, child development and relationship building classes are available through the program.

Existing child support enforcement funds can be used to conduct outreach to fathers as well as to provide them with client services. Although all states currently have this capacity, many agen-

cies are still primarily focused on cost recovery and have not expanded their mission to become service providers. A transition in this direction will need to occur before states child support agencies can make good use of current funds for this purpose.

Most programs that serve fathers are not funded with welfare money. The majority receive financial support through grants from private foundations, or in combination with federal, state or local child support funds or federal funds that are available from the Workforce Investment Act (formerly JTPA). Pooling resources does allow programs to serve more participants and to engage other partners in providing services. Child support agencies can fund outreach and case management services within existing means, while working with private industry councils that often administer Workforce Investment Act funds in addition to WtW to provide employment assistance. Several fatherhood programs use this approach.

Identifying and engaging partners is the greatest challenge that faces states—key players are afraid of losing authority to manage their programs in ways they are comfortable with. Agencies and organizations will need to think in new ways and develop new partners to expand their vision rather than continue to offer outdated programs. State policymakers can help guide this process by creating avenues for collaboration and by directing resources to specific programs.

—By Dana Reichert, NCSL

Use of Funds Is Classified in Three Different Categories

- *Total Expenditures:* The total amount of money actually spent by a state
- *Unliquidated Obligations:* Planned expenditures in the form of actual agreements and contracts.
- *Unobligated Balance:* Unspent funds lacking agreements or contracts triggering their expenditure; considered by some states to be “rainy day” or reserve funds.

Start or child care providers. Media outreach, fliers and brochures will be available in employment offices, community centers, homeless shelters and food banks and through correctional facilities. In smaller communities, welfare caseworkers are responsible for informing families about WtW services that are available for noncustodial fathers. **New York** is using its WtW grant to extend eligibility for safety-net services (case management and vouchers) to fathers. **Boston, Massachusetts** is using WtW funds for local employment



Want to know more about how to use welfare dollars? Contact the NCSL Welfare Project at (303) 830-2200.